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C O N F I D E N T I A L SECTION 01 OF 04 NDJAMENA 000302

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FOR DEPUTY SECRETARY NEGROPONTE

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TAGS: [PGOV](#) [PREL](#) [PREF](#) [OTRA](#) [SU](#) [CD](#)

SUBJECT: CHAD SCENESETTER FOR DEPUTY SECRETARY NEGROPONTE

Classified By: AMBASSADOR MARC M. WALL FOR REASONS 1.4(B) AND (D)

¶1. (C) Summary: United States interests in Chad have evolved over the last seven years. Highlights of the new relationship include U.S. humanitarian support for the Sudanese refugees in eastern Chad and U.S. political leadership in seeking a resolution of the Darfur conflict, U.S./Chad cooperation on counterterrorism efforts and the presence of a large U.S.-led oil consortium. Some measure of stability is necessary to pursue these interests, but interference by stronger neighbors and weak democratic institutions contribute to Chad's -- and to the region's -- chronic instability. End summary.

#### CHAD OVERVIEW -----

¶2. (C) Chad is situated in the increasingly unstable heart of Africa. Violent regime change has been the rule since independence in 1960. Chad's estimated 9.4 million people are primarily farmers or herders; new oil revenues have yet to trickle down to the village level, and infant mortality and illiteracy rates are among the world's highest. Chad has been an excellent partner with the United States in counter-terrorism efforts, and its leaders support a moderate and tolerant Islam.

¶3. (C) Chad is deeply implicated in the Darfur crisis, not only because Darfurians claim ethnic loyalties with groups in eastern Chad, but also because Chad and Sudan's soured relationship is manifested in proxy wars waged against the other, creating a near-permanent state of insecurity in the border region. A chronically unstable Chad provides an inviting target for interference by its stronger neighbors Libya and Sudan; President Deby's reluctance to accept an international force to protect humanitarian operations in eastern Chad reflects his concern that Libya and Sudan will see this as a provocative act.

¶4. (C) A more stable Chad would be a better partner in addressing regional instability, including the Darfur conflict, the chronically unstable Central Africa Republic and terrorist threats from extremist ideologies. So far, President Deby has successfully warded off most challenges to his 16-year regime by arms and negotiation. Encouraging a peaceful political transition in Chad and supporting democratic institutions are significant challenges for our diplomatic efforts.

#### President Deby Beats the Odds -----

¶5. (C) President Deby continues to beat the odds. The unprecedented price of oil had sent his tax receipts skyrocketing. He successfully trounced a rebel attack on the capitol in April 2006 with help from French forces stationed in N'djamena. A much-publicized feud with the World Bank

over use of oil resources for poverty reduction was resolved to the government's benefit. And he recently brokered a peace agreements with rebel leader Mahamat Nour. But the price of his success is high, both financially as well as in the increasingly strained social fabric of the country. The public enrichment of his Zaghawa clan is a source of division, both from outsiders jousting for a share of the spoils, and insiders scheming to maintain the family's place at the public trough. French support for President Deby is theoretically limited to logistics and reconnaissance, but the French press is wondering how far the French government would -- or should -- go to support the regime. Although President Deby has presided over Chad's most peaceful era since independence, his legacy risks being undermined by his unwillingness to move toward opening the political arena, and, more importantly, demonstrating that a peaceful transition of political power is possible in Chad

#### AN INTERNATIONAL FORCE IN EASTERN CHAD?

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16. (SBU) The focus of our dialogue with President Deby at this time is gaining acceptance of an international force in eastern Chad. Chad's eastern border hosts 12 refugee camps containing over 200,000 Sudanese refugees and over 100,000 Chadian IDPs. This environmentally fragile region has been negatively impacted by the presence of refugees competing for water and firewood with the local inhabitants. The proximity to the border compromises the civilian and humanitarian nature of the camps, and President Deby has asked that the camps be moved further into the interior.

17. (SBU) As Chadian rebels make bolder inroads into Chad, and violent clashes with the Chadian army become more frequent,

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eastern Chad has become a zone of peril for the UN and its partner NGOs. The security vacuum has led to opportunistic attacks on border towns by armed militias (Chadian or Sudanese janjaweed)- the most recent one last week resulting in 65 deaths. The UN is now in Phase IV security (similar to Darfur) and has evacuated non-essential staff. Many development projects are at a standstill. Only essential humanitarian aid -- to refugees as well as IDPs -- continues.

18. (C) Following the visit of a UN Department of Peacekeeping Operations (DPKO) team to Chad and the Central African Republic, deliberations are ongoing as to the size and nature the "multidimensional presence" in Chad called for in UN Security Council Resolution 1706. President Deby continues to be concerned that such a force would provoke the wrath of neighbors Sudan and Libya and be seen by them as a "back-door" into Sudan. He has argued that an armed gendarme force is sufficient to protect humanitarian workers, refugees and IDPs in eastern Chad. He also insists that Chad will be responsible for its border. Chad has yet to grant permission for a UN Advance Team to come to Chad to prepare the ground work for an eventual force

#### THE SUDAN FACTOR

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19. (C) Chad's make-up-to-break-up relationship with Sudan has come full circle - and then some - over the last two years. In the summer of 2005, Chad was still a mediator in the Darfur conflict. But Sudan's support for Chadian rebels in late 2005 forced Chad's hand, and Chad withdrew from the scene as a mediator and eventually broke diplomatic relations with Sudan. The 2006 Tripoli agreement, brokered by Libyan President Qaddafi signaled a renewal of relations and an agreement to cease supporting rebel movements bent on destabilizing or overthrowing the other. President Deby is adamant that his Government is not supporting DPA non-signatories, but most believe that he has lost control of other forces within his country (including possibly his half-brother Daoussa Deby) which are providing refuge and

possibly arms, uniforms and vehicles to Sudanese rebels. In sum, while Chad and Sudan continue to see it in their interests to seek to maintain a destabilizing wedge in the other's political affairs, peace in Darfur is unlikely.

#### DEBY, OIL, AND DONORS

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¶10. (U) Chad's first oil began pumping in 2003 and flowing down the 1070-kilometer pipeline to the Cameroonian coast. The largest single U.S. private investment in Africa, the \$6 billion project is managed by a consortium led by ExxonMobil. In 2007 alone, Chad will earn over USD 1 billion in combined profit taxes and royalties from the consortium. The pipeline is now handling up to 170,000 barrels of oil per day and new oil fields are being brought on line. Experts anticipate a relatively swift peaking of Chad's oil production and the life of the oil fields is not expected to exceed 20 years.

¶11. (SBU) As part of the financing package arranged by the World Bank and other lenders, Chad agreed to an innovative arrangement for managing its oil revenues whereby the bulk of the royalties would be earmarked for social sectors such as health and education. An oil revenue management body, with members drawn from the government, civil society, religious groups, and labor unions was to oversee expenditure. Not surprisingly, this pathbreaking experiment in transparency foundered in December 2005 when the President, strapped for cash, unilaterally changed the Chadian law governing use of oil revenues. This provoked a rupture with the World Bank which has took over five months to resolve. The new agreement recommits the Government of Chad (GOC) to funding priority poverty reduction sectors, but allows wiggle room for spending on security.

¶12. (SBU) Chad's oil boom -- expected to last less than a decade -- will severely test its absorptive capacity and ability to manage and spend the resources so as to promote sustainable economic growth and improve the Chadian standard of living (currently ranked among the lowest in the world.) Chad's ability to maintain fiscal discipline is severely taxed by low government capacity and the use of revenues for security spending. Absent better fiscal discipline, Chad runs the risk of losing access to the IMF's Poverty Reduction and Growth Facility.

#### FIGHTING TERRORISM

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¶13. (SBU) Chad's vast and porous borders leave it open to infiltration by terrorist elements. In March 2004, the Chadian army engaged in an intense battle with members of the

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terrorist group GSPC. The terrorist leader Al-Para was finally handed over to Algerian authorities in October of that year. The cooperation of Chad's security services and army on counter-terrorism issues has been excellent, and President Deby welcomes additional U.S. counter-terrorism assistance provided under the Trans-Sahara Counter-terrorism Partnership (TSCTP). In July 2004, U.S. Marines finished training and equipping 179 Chadian soldiers as part of the Pan-Sahel Initiative (PSI), the TSCTP precursor. These troops learned to respond to internal threats from terrorism and banditry. In 2005 and 2006, Chad participated in several U.S. military training programs, including the Flintlock exercise. U.S. assistance continues with retraining of the PSI unit, and training of additional recruits.

¶14. (C) Post also works to counter terrorist threats by implementing a program of Muslim outreach and providing development assistance to counter the conditions which can foster extremism. For the most part, Chadian Muslims are moderate and Muslim leadership in Chad is supportive of U.S. programs throughout the country. Muslim leaders also work closely with the government to rein in radical Islamic elements.

## DEBY, DEMOCRACY, AND DEVELOPMENT

¶15. (SBU) Chad's human rights record remains poor and government institutions lack the capacity and the will to bring justice to average Chadians. Under the State of Emergency declared in November 2006 (and recently extended for another 6 months), the press is censored. President Idriss Deby Itno oversaw a return to democracy in 1995 after seizing power by force, but subsequent presidential and legislative elections were flawed and the Constitution was revised in 2005 to abolish Presidential term limits. The President was re-elected for a third five-year term in May 2006 in an election boycotted by the opposition. However, some positive steps have been taken concerning electoral reform for the upcoming communal and legislative elections, with the support of the European Union (EU) and the UN. If successful, these will lay a positive foundation for Presidential elections in 2011.

¶16. (C) The international corruption watchdog organization, "Transparency International" named Chad (along with Bangladesh) as the world's most corrupt country in 2005. Corruption permeates most aspects of government operations. Civil society remains fragmented and too weak to pose a counterbalance to government power. Most Chadians earn a living through agriculture or livestock. Once a significant source of revenue, Chad's cotton-producing sector has been unable to successfully pursue opportunities offered by privatization. U.S. cotton subsidies are frequently blamed as the source of the collapse of Chad's cotton sector, but inefficient management by parastatals has as much to do with the sector's failures. Chad is eligible to export products under the African Growth and Opportunity Act, but, aside from oil, has only managed to export small amounts of gum arabic (used in food processing) and shea butter. Poor to non-existent infrastructure, corruption and absence of a skilled work force hinder foreign and domestic investment.

## THE U.S. PRESENCE IN CHAD

¶17. (SBU) The United States closed its USAID Mission in Chad over ten years ago. A modest amount of U.S. assistance is managed directly by the Embassy and supports grass-roots efforts to improve education, provide access to water, and promote human rights. TSCTP development funding for community empowerment and conflict mitigation in areas where the risk of Islamic extremism is deemed high is handled by a USAID sub-contractor, the Academy for Educational Development (AED). The Mission also maintains a strong outreach to Muslim communities through its public diplomacy programs.

¶18. (SBU) The United States Embassy in Chad has 28 direct hire-Americans. The American community in Chad - never large - was reduced significantly following the drawdown of personnel from the UN, international NGO's and the oil consortium after the April 2006 attacks on N'djamena by Chadian rebels. As a result of unrest, the Peace Corps program has been closed and suspended indefinitely. Americans are not targets in the struggle between President Deby and rebel contenders, but the danger of widespread civil disorder is very real.

## OUR MESSAGE

¶19. (SBU) Key points in our message to President Deby include:

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-- Chad-Sudan border: We support deployment of a robust international force to counter threats to Chadian civilians, Sudanese refugees, and humanitarian workers in eastern Chad. We intend to consult closely with Chad on the modalities of such a force.

-- Chadian instability: We condemn the use of violence to overthrow recognized governments. We urge all Chadians to engage in dialogue to address political grievances.

-- Darfur: We seek an end to violence in Darfur. All parties must honor the cease-fire, support the Darfur Peace Agreement, and implement the consensus framework achieved in Addis Ababa.

-- Refugees: We appreciate the welcome that Chadians have given refugees from Sudan. The United States has provided over USD 183 million over the last three years for humanitarian relief in eastern Chad and will continue to provide support, including for programs to assist Chadian IDPs and local populations.

-- Democracy: We believe political stability in Chad requires steps to develop democratic institutions, promote respect for human rights and rule of law, and create an inclusive political environment which allows for credible elections and a peaceful political transition.

-- Development: We stress the importance of Chad's oil resources being used for poverty reduction.

-- Counter-terrorism: We value our partnership with Chad in the war against terror. We look forward to working with Chad on TSCTP and other programs of bilateral cooperation.

[120](#). (U) Tripoli minimize considered.

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